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Treasurer: Arizona could go broke in less than 3 months

Governor Janet Napolitano and state treasurer Dean Martin clashed in a political duel over the state's budget crisis. What was expected to be a mundane meeting about interest rates turned into a heated argument this afternoon.

The treasurer, a Republican, and the governor, a Democrat, raised their voices and interrupted each other during a public meeting of the State Loan Commission. At one point the Gov. Napolitano even got up from her chair declaring the meeting was over.

The State Loan Commission sets the maximum interest rate for Treasury Warrants. Warrants, a type of government loan, would be needed if the state ran out of money. Martin says he called the Thursday afternoon meeting to address credit rating agencies' concerns about Arizona's financial stability. He says the state's treasury could reach a zero balance as soon as February 23, and the commission must set a maximum interest rate before he can start negotiating the loans. The commission has three members: the governor, the state treasurer and the director of the Department of Administration.

Gov. Napolitano said that Martin was not fully aware of the governor's and the legislature's plans to fix the state's budget before Arizona runs out of money, and she claimed she was not prepared to vote today. Napolitano asserted there was no need to act immediately, and predicted there will ultimately be no need for borrowing.

Napolitano noted that the commission has not held a meeting in decades, and she accused Martin of staging the event for media attention. The governor, who is Barack Obama's nominee for Homeland Security Secretary, has split her time in recent weeks between Washington, DC, and Arizona. She's been preparing for her Senate confirmation hearing this month. Martin claims that she's in denial about the state budget crisis, and he speculated that she doesn't want to deal with the state's troubles before leaving for her new job.

At Napolitano's request, Martin adjourned the meeting without taking action on the interest rates. He says he will call another meeting in the next couple of weeks after Jan Brewer becomes governor.

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